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C O N F I D E N T I A L SECTION 01 OF 02 DOHA 000630

SIPDIS

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TAGS: [ENRG](#) [EPET](#) [ECON](#) [EINV](#) [QA](#)
SUBJECT: PROFESSIONAL OIL NEGOTIATOR'S COMMENTS ON ARAB STATES

REF: A. DOHA 586
[1](#)B. DOHA 286

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Classified By: Classified By: Amb. Joseph LeBaron, reasons 1.4 (b) and (d).

(C) KEY POINTS

-- The Middle East investment climate varies considerably by country and successful negotiating strategies must take into account each local leadership's peculiarities, according to ConocoPhillips regional president Bill Bullock (see paras. 1-2 below).

-- Qatari officials are tough negotiators but properly incentivize the energy sector to attract international investment, and they uphold the sanctity of contracts once deals are signed.

-- Qatar's energy infrastructure is vulnerable to security threats, and a well-targeted terrorist attack could take gas production offline.

-- Qatar Petroleum's (QP) Director of Oil and Gas Ventures Sa'ad Sherida Al-Ka'abi is a likely candidate to replace the aging Abdullah Al-Attiyah at the helm of Qatar's energy sector.

(C) COMMENTS

-- Bullock's assessment provides a useful "glass half-full" contrast to that of ExxonMobil Qatar President Alex Dodds (see Ref A). While Dodds emphasized the increasingly difficult terms for foreign companies in Qatar, Bullock -- comparing Qatar to his other regional responsibilities -- noted Qatar's robust respect for contracts and the predictable business climate which attracts foreign investment.

-- Al-Ka'abi is universally mentioned by Embassy's energy sector contacts as one of the rising stars of Qatar Petroleum. While U.S. minor Anadarko has had negative experiences with him (Ref B), all indications are that his star is on the rise and he could very well succeed Al-Attiyah soon, given the Energy Minister's age and increasing disinterest in the day-to-day details of the energy business.

END KEY POINTS AND COMMENTS.

[1](#)1. (C) During an introductory call with Ambassador August 28, ConocoPhillips (COP) President of Middle East and North Africa Bill Bullock said Qatar is "a country that gets it right" in creating an investment climate to encourage international participation. Bullock -- who oversees COP's operations in Qatar, Algeria, Libya, the UAE, and Saudi Arabia, and is a member of the Association of International Petroleum Negotiators -- said it's hard to generalize about Arabs' approach to the energy sector as issues are very country-specific and driven by local leadership.

[1](#)2. (C) Gulf Arabs in particular have a long history of trading and are very good negotiators, he said. The Qataris "fight hard" on negotiations but once contracts are signed they keep the integrity of terms and maintain a good climate for contract enforcement; similar favorable conditions exist in Abu Dhabi. Bullock contrasted COP's positive experience in Qatar with the "difficult times" in Libya where the company has found it a tough place to do business since their re-entry there three years ago, in part because "nothing is ever nailed down" by the decision-makers.

[1](#)3. (C) Bullock noted that Energy Minister and QP Chairman Abdullah Al-Attiyah sets a good collaborative tone for work

with foreign firms and establishes fair competition. Acknowledging that Al-Attiyah is getting old, he remarked that QP's Director of Oil and Gas Ventures Sa'ad Sherida Al-Ka'abi is a "very bright, competent manager" who could one day assume leadership of Qatar's energy sector when Al-Attiyah passes from the scene through retirement or death.

14. (C) COP's board pursues "classic diversification" strategies to hedge against geopolitical risk, according to Bullock. 60-70 percent of the company's asset base is in

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OECD countries and only 5 percent is in the Middle East. Given their large role in the United States (COP is the largest domestic gas producer and largest holder of Canadian oil sands), Bullock said his company "thinks it can afford to take risks and spread its portfolio out."

15. (C) While the company has not had any security problems in Qatar, Bullock assessed that if terrorists knew what to hit, "they could take whole systems down" for natural gas in Ras Laffan. Specifically, striking the mega-trains' common utility systems would take gas production offline, at least temporarily, he said.

LeBaron